



**U.S. Department of Justice**

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**PRESS RELEASE**

United States Attorney Kevin J. O'Connor announced today that a federal grand jury in New Haven has returned a thirty-count indictment charging FRANK S. CHUANG, age 61, of Wethersfield, Connecticut, L-C ASSOCIATES, INC., and L-C ASSOCIATE, P.C., A CONSULTING ENGINEER, located in Rocky Hill, Connecticut, with thirteen counts of mail fraud, two counts of wire fraud, and fifteen counts of false claims in connection with federally funded transportation projects.

According to the indictment, CHUANG owns L-C ASSOCIATES, INC., and L-C ASSOCIATE, P.C., A CONSULTING ENGINEER, both of which engineering and construction services firms with principal offices located at 1960 Silas Deane Highway in Rocky Hill, Connecticut. The indictment charges that both corporations perform work on federally funded transportation contracts. The indictment also charges that from on or about January 8, 1995, and continuing to the present, CHUANG, L-C ASSOCIATES, INC., and L-C ASSOCIATE, P.C., A CONSULTING ENGINEER engaged in a scheme to defraud the state transportation agencies of Connecticut, New York, and Massachusetts, as well as the Federal Highway Administration, by submitting false and fraudulent invoices. Specifically, the indictment charges that CHUANG falsely and fraudulently represented that corporate employees had performed specified work, when in fact they had not. The indictment further alleges that the defendants inflated the corporations' overhead rate, and thus their reimbursement from the state transportation agencies,

by including on the corporate payrolls people who had not, in fact, performed services for the corporations. The indictment also alleges that the defendants further inflated the corporations' overhead rate by failing to disclose certain information to their auditors.

The indictment alleges that the defendants committed mail fraud by causing prime contractors and state transportation agencies to mail reimbursement checks to the corporations, and that they committed wire fraud by causing certain faxes to be sent, all as part of the scheme to defraud. The indictment also charges that the defendants made and caused to be made false claims to the United States Department of Transportation, by submitting inflated invoices.

U.S. Attorney O'Connor stressed that the indictment is only a charge and not evidence of guilt. The defendants are entitled to a fair trial in which it is the Government's burden to prove guilt beyond a reasonable doubt. If convicted, CHUANG would face on each of the charges up to five years in prison, followed by up to three years of supervised release, and a fine of up to \$250,000. Each of the corporations would face a fine of up to \$500,000 on each of the charges.

U.S. Attorney O'Connor stated, "The integrity of federally funded programs is a vital concern of the United States Attorney's Office. Fraud cannot, and will not, be tolerated."

The case is being investigated by the United States Department of Transportation, Office of the Inspector General, Office of Investigations; the Connecticut Department of Transportation; the Federal Bureau of Investigation; and the United States Department of the Treasury, Internal Revenue Service, Criminal Investigation. The case is being prosecuted by Assistant United States Attorneys William J. Nardini and Maria A. Kahn